

March 19, 2003

Akin Supports Bankruptcy Reform Measure protects honest consumers

Washington, D.C. - By a vote of 315-113, a bipartisan majority of the U.S. House of Representatives today passed H.R. 975, the *Bankruptcy Abuse Prevention and Consumer Protection Act of 2003*. Congressman Todd Akin (R-MO) cosponsored the measure.

The bill would modify the bankruptcy system by closing loopholes that allow those who can afford to meet their financial commitments to sidestep payment to their creditors.

"This well balanced measure would ensure that everyone, irrespective of income level, has access to bankruptcy, but would allow them to wipe the slate clean in a responsible way," said Akin. "Current law allows some unscrupulous debtors, who have the ability to repay their debts, to avoid doing so and thus pass on unpaid debt as higher interest rates that harm our economy. The measure passed today would correct this practice."

According to the Administrative Office of the United States Courts, more than 1.5 million bankruptcy cases were filed in 2002, representing an increase of more than 150 percent since 1998. It is estimated that in 1997, the economy lost more than \$40 billion in write-offs due to bankruptcy filings, amounting to \$110 million every day and more than \$400 annually per household.

H.R. 975 would:

- Reduce repeat filings;
- Provide information about alternatives to bankruptcy, including credit counseling services; and
- Close such loopholes as the Homestead exception.

"With this bill Congress is taking action to prevent individuals from intentionally abusing the bankruptcy law while maintaining access to those who need it. Now the Senate must consider this important measure, which I hope my colleagues in that body will do soon and favorably," concluded Akin.